

CONSIDERATIONS

ON

*Publick Credit.*

IN A

LETTER

TO A

Member of Parliament.

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L O N D O N :

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# CONSIDERATIONS

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## Publick Credit.

*S I R,*



ACCORDING to your Desire, I give you some short Considerations on Publick Credit; with a few Remarks on what has happen'd within these last Four Years.

By Publick Credit under the present Consideration, is meant, the Value of the Debts owing by the Publick, commonly called the Publick Funds.

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When these can be Sold at Market for the full Value of the Principal, Publick Credit may be esteemed good.

When they can be Sold for more, then Publick Credit is said to advance.

The Reason that these Publick Funds have often varied in their Value, and been depressed in some extraordinary Degree, has chiefly arisen from the Fear and Apprehensions of their real Security being in danger from foreign Invasions, Force or Violence. Were it not for these Pannicks that every now and then possess Men's Minds, the Value of the Principal would seldom alter in any great Degree.

Common Accidents in State Affairs, and the Arts of Stock-Jobbers, will always have some Influence.

But lesser Alterations in their Value do very much depend on the Rate of Interest for Money at the present, or any Expectation that it may suddenly alter.

As



As for Instance,

If Men apprehend a great Demand of Money for Publick Service upon New Wars and Commotions, and that New Funds are to be created, they will generally run into an Opinion of turning as much as they can of their Publick Debts into ready Cash, in hopes of making considerable Gain by Loans, or purchasing such New Funds.

On the Contrary,

When the Publick is in a State of Serenity, and the Interest of Funds duly paid, and no New Debts are incurr'd, there will then always remain a considerable Surplus in the Hands of private Men every Year, to be invested again: And if no New Funds are erected, there will be more Buyers of the Old ones.

This naturally gives an Advance to what we call Publick Credit, and tends to lessening the Rate of Interest.

For so long as the Publick Debts or Funds are in Reputation, and carry an Advance of Price, they are equal to so much

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much Money, and are to be considered as so much real Cash; at least whilst Books are open for their immediate Transfer when sold.

What Influence then hath such a Bulk of Money, with respect to Land or Trade?

As for Trade, it need only be said, that Plenty of Money is the very Life of it; and also as it influences the Rate of Interest, by which means the Nation is enabled to carry on its Commerce in some measure equal with its Neighbours.

But what respect hath this to Land?

It is not many Years ago, since an unhappy Distinction was set on Foot, between the Landed and the Money'd Interest; from whence strange Notions have been from time to time advanced, to the great Detriment of both.

Whereas these two Interests are so mix'd and blended together, that they must be equally regarded by every one that would pursue the true Interest of his Country.

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In former Times, the Value of Land was reckon'd by the Quantity of Cattle, or of Corn that it would produce; and is so still in some *Northern* Parts.

But since Trade hath been carry'd on in all the Kingdoms of *Europe*, and by that means great Quantities of Coined Money have been every where current, and more especially in *England*; the true Value of an Estate in Land, as well as all other Things, is only known by the Sum of Money it can be sold for.

This Value will always vary, according to the Plenty or Scarcity of Money.

He that recollects and compares the present Value of the Landed Estates in *England* with what they were Fifty Years behind us, will certainly find a very great Difference.

Four Years Purchase will amount to more than Fifty Millions. For no Body will suppose the Land-Tax to be the truest Rule to go by in such Computations as these.

And

And not only the Value of a Landed Estate is thus increas'd, by the Plenty of Money, but the Improvement of that Estate is also much enlarged, and the Rents advanced,

For as the Product of Land is more or less, according to the Stock that is employed upon it; so will that Stock naturally increase, if Money be stirring, and Interest at a low Rate.

If therefore the Value of Land be thus mended by the Plenty of Money, and this Plenty arises by the Increase of Publick Credit;

It will follow,

That if Publick Credit be depress'd, the Value of Land will sink in some Proportion.

And no Violence can be offer'd to what is call'd the Money'd Interest, but what will also affect the Landed Estate.

Publick Credit Four Years ago was at a very great Streight, and though legal Interest was then at Five per Cent. yet  
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Publick Debts that carried but Four *per Cent.* were sold at Par, and some of them at more.

There was then a hopeful Opportunity for lessening the Publick Debts; and very easy had it been to have reduced the Interest from Five to Four *per Cent.* which was the true Way to have put the Publick Funds upon the Foot of discharging themselves by their own Annual Surplus.

Which Surplus would have increased every Year, and by that means have still given a greater Value to the Funds, and affected the Rate of Interest, and consequently have rais'd the Price of Land in some Proportion.

This was the Opinion and Advice of Men, who were then thought to have some Knowledge in the Affairs of Publick Credit.

But this Advice was rejected; and a Scheme put into the Hands of some Ambitious and Avaritious Men then in Publick Station, who push'd it through the last H. — of C. — — — ns with impetuous Violence, and supported it with the Grant of exorbitant Powers.

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Which



Which Powers had never been obtained, without the additional Aid of some in the Landed Interest, who were drawn in ( some of them very innocently ) by the Lucre of fictitious Stock ; by which they were given to understand, That if the Project could be carried through, they should be great Gainers ; if not, they could be no Losers, for they were to disburse no Money.

Strange it is, that such Powers should ever have been put in the Hands of Men, who had given no great Proof of their Knowledge in Business relating to Publick Credit, and soon discovered themselves in the Execution of those Powers they were intrusted with.

Powers, by which all Men were invited and encouraged to become Gamblers, or to hazard their Estates in an uncircumscribed Lottery.

And the common Creditors of the Publick were in a manner constrained to bring in their Annuities, for fear of the exorbitant Power given the *South-Sea* Managers, to lock up their Estates during Pleasure.

But

But wherever the Fault may be laid ; whether on the wild Attempts of the *South-Sea* Directors in the Execution of their Scheme, or on the Want of proper Care in those who ought to have supervised the Management, or on the Infatuation that spread by degrees over the whole Nation :

Or whether the Fault must be laid on all these put together : The unhappy Event was, that it soon brought Ruin on many great Families ; and Numbers of innocent deluded People were reduced, from a comfortable way of Living, to Poverty, Prisons, and Exile ; to see their Families perish for Want of Bread, and themselves to end their Days in Sorrow.

Could a perfect List be made of these unhappy Sufferers, what a dismal Catastrophe would it appear to future Ages !

Whilst at the same time, Stock-Jobbing Brokers, and Common Gamesters, were put in a Capacity of leaving vast Estates to their Posterity.

And this Scheme did not only undo private Families, and bring Confusion on our Commerce, to its inconceivable Da-

mage; but it also brought the State it self into the utmost Danger.

Happy was it for us, that but few did know that we were so near the Brink of Ruin.

For the *South-Sea* Managers, from mistaken Notions about *Exchequer* Bills, would needs imagine, that the taking this Branch of Credit into their own Hands, would be of vast Service to them.

But when the Shock came, their Error soon appear'd; for the *Exchequer* was drained of Specie, and no suitable Provision made for circulating the *Exchequer* Bills.

For want of which, the very Foundations of current Credit were like to have been blown up, and a total Stop of all Payments must soon have follow'd.

Such a Distress, when the Minds of Men were agitated with Fury, Violence, and Despair, might have thrown the Nation into an Abyss of Misery.

And

And it was an unhappy Circumstance at that Time, that His Majesty's Affairs requir'd his Presence abroad.

However, the Few that were left at Helm interposed with their seasonable Advice and Assistance; and perhaps upon a strict Review it will be found, that nothing else but such a Jumblement of variegated Measures, as were then pursued, could have preserved Things in any tolerable Order.

The Reflection on this unfortunate Scheme is the more melancholy, because it was established in Opposition to another, that was then thought by impartial Men to be much more advantageous for the Publick.

A Proposal was forced from the *Bank*; for by the *South-Sea* Scheme it plainly appeared, that nothing less was intended than a Demolition of that Corporation.

The Proposal that thus came to be offer'd by the *Bank*, was founded on a plain natural Scheme of the low Rate Interest was then reduced to.

For it may be remember'd, that at the Time of their Propofal, the Annuities which carry'd 5 *per Cent.* Interest, and thofe which carry'd but 4 *per Cent.* were much about the fame Value at Market.

The Reason of this was plain, thofe at 5 *per Cent.* expected to be paid off by others, who were willing to advance the Money at 4 *per Cent.*

And therefore the 20 *per Cent.* offer'd by the *Bank* as a *Præmium*, was nothing more than what the Poffeffors of the Annuities were willing to part with.

Or it may be thus ftated.

There was then a general Difpofition to write the Annuities into *Bank* Stock, at the Rate of about 50 *per Cent.* Advance; Twenty of which was to be given to the Publick; the other Thirty being added to the common Stock of the *Bank*, would have enabled them to continue their Dividend of 7 *per Cent.* for many Years.

Which Dividend would in all common Events have fupported their Stock at a higher Price.

And



And there is no doubt, but as Things then stood, the *Bank* would have carry'd through their Proposal without any great Difficulty ; notwithstanding the dark Insinuations to the contrary, by some who have never yet thought fit to offer their Objections in publick.

Some indeed have imagin'd, that if the *Bank's* Proposal had been establish'd, they would have run into the same Measures, or have been driven at least, by the warm Heads of those Times, to the same Excesses that the *South-Sea* fell into.

But this was impossible :

Because the *Bank* in their Proposal had fix'd a Rate for all the long Annuitants that would come in——And would certainly have set a propottionable one for the short Annuities.

If Stock therefore was to be had at one certain Rate for so great a Sum as both Sort of Annuities amounted to, there could be no room for such extravagant Attempts.

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The Proposal of the *Bank* was indeed accepted; and that it was afterwards set by, is owing to some Men then in Power, who in a very extraordinary manner obtain'd Leave for the *South-Sea* Projectors to amend their Scheme.

This was the fatal Mistake.

For in the Interim, the Men who were infatuated with their Project, and full of *Mississippi* Notions, imagin'd with themselves, that they might safely venture to outbid the cautious Men of the *Bank*.

Not considering, that their Proposal was founded upon the Lowness of Interest, which was not possible to be maintained without the necessary Methods of managing Credit; and these were not like to be compass'd but by a *Bank*, when in the Height of Reputation.

It is true, the *Bank* may be said to have run some Hazard in their Proposal, had any unhappy Accident fallen out during the short Space in which it was to have been perfected.

But

But as the Event hath been, that Tranquillity hath attended our Affairs Abroad, it seems most probable, that they would have compleated the Proposal on their Part.

Which would have been followed with Peace at Home, and prevented Plots and Conspiracies, founded upon the Discontents of unhappy Sufferers in the *South-Sea*.

And also at this Day have lessen'd the Publick Debts near one Sixth Part.

But whether any such Scheme, however profitable for the present, was really fit to be establish'd, is not the Subject of these Considerations.

Be that as it will, the Opportunity is now lost, and we are left to consider of proper Measures for maintaining publick Credit, which of late hath begun to revive.

This is not effectually to be done, but by lessening the publick Debt; for without some rational Prospect of that, Men's Hearts will fail, the Opinion of publick

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Security will languish, and its Value diminish.

Schemes and Projects we have seen, and the Mischiefs that have attended 'em; it will be time therefore to return to the safe Method; and That is the Lowering of Interest.

Not by Force or Violence; no, nor by Coercive Laws; but by a regular, steady, careful Attendance to its own natural Motions.

If Interest shall settle but at the Rate it was four Years ago, there would then be a fair Expectation again, that the Funds appropriated to the Publick Debts, will, in Process of Time, discharge themselves by a gradual Increase of the yearly Surplus.

And for the future Support of Credit, it may be useful,

That there should be repeated Declarations, and firm Resolutions to maintain Publick Faith.

And that the annual Expence of the Publick be reduced as far as ever the Necessity

cessity and Safety of Affairs will permit.

And also, that the Funds already establish'd, be managed with the utmost Frugality, Probity, and Application.

This last is a wide Field, and many Things readily offer themselves, which cannot be crowded in here; 'tis sufficient to say, there's room enough for improving the Duties, and lessening the extravagant Charge in Collecting.

'Tis therefore humbly offer'd to the Consideration of Gentlemen, to consider how far their own Interest is concern'd in the Preservation of Publick Credit.

The Value of their Estates will be affected with its Rise or Fall.

And supposing the Publick Debts to be 30 Millions, and that Sum should not be One Sixth Part of the Landed Estates, their Damage in case of any publick Calamity, will in some measure be proportionable; for though One may lose his Whole, and the Other but his One Sixth, yet in one sense their Loss will be equal.



Thus, Sir, I have laid before you some Thoughts, that possibly may be of use to you in future Debates.

It must be own'd, 'tis a vast Debt we have to encounter with.

If we look back to the Revolution, and suppose at that time any one should have affirmed, That in about Thirty Years the Subjects would pay above 150 Millions in Taxes, and that yet a Debt should remain of 50 Millions more, it would have been thought utterly impossible.

'Tis indeed amazing, to think that wise and great Men at the Head of Affairs, should from time to time have run the Nation into so great a Debt.

This, with all the Observation I could ever make, seems to be owing to the frequent Change of Ministries in the late Reigns;

Who, by shifting Hands, and new Friends, never fail'd to establish New Funds, and create New Debts for their present Purposes.

And

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And it is pretty much owing to the same Cause, that there never was any suitable Enquiry into the Misapplication of Publick Money, nor the many Frauds, by which the Publick Debts have been so much increased.

Those Commissions generally ended in some Jest or other; and serv'd chiefly to gratify the Passions of one Party in Opposition to another, without producing any real Good to the Publick.

It may be thought by some, that it is not yet too late to enter upon so good a Work; but there have been so many Acts of Indemnity, and our Laws are so tender with respect to Property, especially when it hath been once alienated, that it is vain now to expect any Publick Advantage by such Enquires.

He that would undertake any Part therein, will get nothing but Envy and Malice to himself, and little or no Profit to the Publick.

Another Cause I know is assigned for this great Debt, which was chiefly accumulated in the last Reign; and that is, That *France* being press'd with the War,  
ex-

extended, or rather forced Paper Money to a prodigious Length; and this obliged *England*, as well as other of the Allies, to stretch their Credit.

But they ought to have considered, that *France* by its D——ck Power could reduce those Debts, as we find they have done, but not without the Impoverishment of their People.

We have now indeed an Opportunity of plowing with their Heifer; but those Methods are so contrary to the Liberties of our happy Constitution, that nothing of that Nature can be attempted, without Hazard of the utmost Confusion.

If then we must remain with this heavy Load upon us, let us make it as useful as we can.

And if it will tend to the multiplying our Money, or that which is near equal to it, and thereby enrich our Land, and increase our Trade, let us improve it to these Ends.

I am sensible that many are frightened with the Apprehension of great Difficulties, should we fall into any open War.  
Yet

Yet I think that this Heap of Publick Credit, may, by a right Management, be render'd not only useful, but highly advantageous in case of any defensive War; and I have no Notion of any other.

But as I hope such a Calamity is far distant from us, I will not trouble you with any thing on that Subject.

I had thought also to have desired your Assistance in preventing Mischiefs by Stock-Jobbing; but when I consider how that Gaming Vice has tinged our Morals, I am afraid the Times will not bear an adequate Remedy.

*I am,*

S I R,

*Your Humble Servant, &c.*

## ERRATUM.

Page 8. Line penult. for *Streight*, read *Height*.





